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Recommendation for Board Action

Austin Housing Finance Corporation	Item ID	40198	Agenda Number	6.
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Meeting Date:	2/12/2015	Department:	Neighborhood and Community Development
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Subject

Authorize the negotiation and execution of a loan agreement, subject to the award of Low Income Housing Tax Credits from the Texas Department of Housing and Community Affairs, with MGroup Holdings, Inc., or an affiliate, in an amount not to exceed \$1,650,000 for a proposed multi-family rental development to be known as Monarch at Lakeline Station, located in the 9800 block of Lake Creek Parkway.

Amount and Source of Funding

Funding is available in the Fiscal Year 2014-2015 Capital Budget of the Austin Housing Finance Corporation.

Fiscal Note

There is no unanticipated fiscal impact. A fiscal note is not required.

Purchasing Language:	
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Prior Council Action:	
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For More Information:	Elizabeth A. Spencer, Treasurer, Austin Housing Finance Corporation, 512-974-3182; or David Potter, AHFC Neighborhood Development Program Manager, 512-974-3192.
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Boards and Commission Action:	
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MBE / WBE:	
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Related Items:	
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Additional Backup Information

If approved, the Austin Housing Finance Corporation (AHFC) would be authorized to enter into a loan agreement with MGroup Holdings, Inc., or an affiliated entity, provided its application No. 15256 to the Texas Department of Housing and Community Affairs (TDHCA) receives an award of Low Income Housing Tax Credits. TDHCA will announce tax credit awards at its July 2015 board meeting.

Funding Request

- If approved, the \$1,650,000 will be used to assist with the acquisition of the property.
- AHFC funds would represent approximately 6.5 percent of the total project cost, with an average cost of AHFC funds at \$15,000 per unit.

Estimated Sources and Uses for the project are as follows:

Sources:

Tax Credit Equity	\$14,535,450
Private Lender Loans	7,250,000
Deferred Developer Fee	928,960
Proposed AHFC Funds	1,650,000
Future AHFC Funding	<u>850,000</u>
Total	\$25,214,410

Uses:

Acquisition	\$ 3,700,000
Pre-Development	1,804,500
Construction/Hard Costs	14,706,224
Soft & Carrying Costs	1,443,477
Reserves & Developer Fee	<u>3,560,209</u>
Total	\$25,214,410

Project Characteristics

- 110 affordable units to be built near the MetroRail Lakeline Station. 31 units will be market rate.
- Unit mix:**

71 one-bedroom/one-bath units	Rent: approximately \$424-\$849	653-900 square feet
5 two-bedroom/one-bath units	Rent: approximately \$848	896 square feet
56 two-bedroom/two-bath units	Rent: approximately \$900-\$1,400	1,090-1,200 square feet
9 three-bedroom/two-bath units	Rent: approximately \$1,176	1,300 square feet
- 11 units will be made accessible for persons with mobility disabilities, and at least 2 units will be made accessible for persons with hearing and sight disabilities.
- Smoking will not be permitted anywhere on the property. This helps support Imagine Austin Priority Program #7: Create a Healthy Austin.
- The developer has executed a Resident Services Agreement with Portfolio Resident Services to provide a variety of services through its Good Neighbor Program. The types of services provided may vary over time depending on residents' needs and interests. Typical services could include after-school and summer learning programs for children, as well as financial literacy and homebuyer education for adult residents.

Population Served

- Ten percent of units will be reserved for individuals with incomes less than \$20,350 per year (30% of the Median Family Income [MFI] for a 3-person household).
- Thirty percent of units will be reserved for individuals with incomes less than \$33,950 per year (50% of MFI for a 3-person household.)
- Forty percent of units will be reserved for individuals with incomes less than \$40,740 per year (60% of MFI for a 3-person household.)
- Twenty percent of units will be market rate units that have no income restrictions.

MGroup Holdings, Inc.

MGroup Holdings, Inc. (MGroup) is an owner operator of real estate investment property focused primarily in the affordable housing market. The principals of MGroup have over 24 years of experience with all facets of owning, managing, and developing multi-family housing. The principals of MGroup have successfully completed over \$260,000,000 of multi-family developments and currently own and operate over 3,000 rental units throughout Texas. Austin developments developed and owned by MGroup are the Saddle Creek Apartments (10801 Old Manchaca Road) and Allegre Point Apartments .